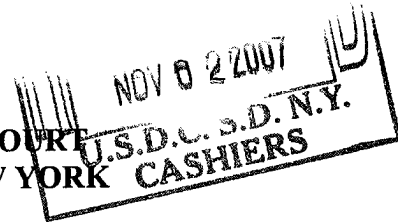


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ATTORNEYS FOR
PLAINTIFF PIXFUSION LLC

07 CIV 9733

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



PixFusion LLC,

:

Plaintiff,

:

v.

:

FunnyBit Studios, LLC,

:

Defendant.

:

**COMPLAINT
AND JURY DEMAND**

Plaintiff PixFusion LLC, by their attorneys, Day Pitney LLP, file this Complaint
and Jury Demand against Defendant FunnyBit Studios, LLC, and state as follows:

PARTIES

1. Plaintiff PixFusion LLC (“PixFusion”) is a limited liability company organized and existing under the laws of the State of Delaware, having its principal place of business at 390 Park Avenue South, 3rd Floor, New York, NY 10016.

2. Defendant FunnyBit Studios, LLC (“FunnyBit”) is limited liability company organized and existing under the laws of the State of Texas, having its principal place of business at 4417 Delaina Drive, Flower Mound, Texas 75022 and a mailing address of P.O. Box 270672, Flower Mound, Texas 75022-0672.

JURISDICTION AND VENUE

3. This is an action for patent infringement arising under the Acts of Congress relating to patents, including Sections 101 *et seq.* of Title 35 of the United States Code.

4. This Court has subject matter jurisdiction over this action under Sections 1331 and 1338(a) of Title 28 of the United States Code.

5. This Court has personal jurisdiction over Defendant FunnyBit by virtue of, among other things, Defendant’s offer for sale of the infringing products in the Southern District of New York.

6. Venue is proper in the Southern District of New York pursuant to Sections 1391(b) and (d) of Title 28 of the United States Code.

FACTUAL BACKGROUND

Plaintiff PixFusion’s Products and Services

7. PixFusion is known as an innovator in the personalized media field.

8. PixFusion manufactures and produces high quality, customized media products.

9. For example, PixFusion, under its Kideo brand, manufactures and produces personalized media productions for children using licensed characters such as Spider-Man, Dora the Explorer, Barney, Arthur, Care Bears and Baby Genius.

10. PixFusion has sold over 500,000 of its Kideo personalized media productions.

11. PixFusion also develops and provides promotional media products.

12. PixFusion distributes its personalized media products and services throughout the United States and around the world.

Plaintiff PixFusion's Technology and Patents

13. PixFusion has developed proprietary software and technology to manufacture and produce its media products and services.

14. PixFusion also owns patents that embody the fruits of its innovations.

15. One such patent is United States Patent Number 6,351,265 ("the '265 Patent"), which is entitled "Method and Apparatus For Producing an Electronic Image" and has an issue date of February 26, 2002, attached hereto as Exhibit A.

16. Another such patent is United States Patent Number 5,623,587 ("the '587 patent"), which is entitled "Method and Apparatus For Producing an Electronic Image" and has an issue date of April 22, 1992, attached hereto as Exhibit B.

17. PixFusion is the current assignee of the '265 and '587 Patents.

18. PixFusion has licensed to third parties its proprietary intellectual property platform, including the '265 and '587 patents, for uses in consumer products, television and promotional applications.

Defendant FunnyBit's Infringement

19. FunnyBit's website offers for sale video story lines or film shorts (a/k/a FunnyBio's) that FunnyBit produces from photographs and other information provided by customers.

20. As FunnyBit's website explains, "At FunnyBit Studios, we'll craft your high-quality fictional biography by digitally superimposing faces from your still photos on to a professional actor or actress' body." (<http://www.funnybio.com/Products.aspx?CategoryID=19>, accessed on October 5, 2007.)

21. Step 1 is: "Just choose a FunnyBio storyline (e.g., Movie Star), tell us a little about the subject, and upload up to three different photos of the subject through our website or mail them to us..." (<http://www.funnybio.com/LearnMore.aspx>, accessed on October 5, 2007.)

22. Step 2 is: "Back at FunnyBit Studios, we use our exclusive video production process to personalize the FunnyBio storyline you selected by using the photos and data you provided...." (*Id.*)

23. Step 3 is: "About a week after ordering your FunnyBio (or just a few days with the express ship option) we will send you a DVD of the custom video, complete with the recipient's name and photos on the DVD case and displayed throughout the video...." (*Id.*)

24. The resulting FunnyBio includes, "Over 15 FunnyFotos™ (e.g., magazine covers and movie posters) edited to include the subject's face and name in humorous (but tasteful) situations." (*Id.*)

25. FunnyBit's website offers for sale Golf Legend, Movie Star, Superhero and Music Sensation FunnyBios. (<http://www.funnybio.com/Products.aspx?CategoryID=19>, accessed on October 5, 2007.)

26. Upon information and belief, FunnyBit makes, offers for sale and sells personalized videos that infringe the '265 Patent and may infringe the '587 Patent.

COUNT I
(Infringement of the '265 Patent)

27. PixFusion repeats and re-alleges Paragraphs 1-26 as if fully set forth herein.

28. FunnyBit has infringed, and will continue to infringe the '265 Patent in violation of Section 271 of Title 35 of the United States Code by making, using, selling and or offering to sell the inventions claimed in the '265 Patent, and/or inducing or contributing to such infringement by others, in the Southern District of New York and without the consent of PixFusion.

29. Unless enjoined by the Court, FunnyBit will continue its alleged infringement of the '265 Patent.

30. As a direct and proximate result of FunnyBit's alleged infringing conduct, PixFusion has suffered, and will continue to suffer, irreparable harm, for which they have no adequate remedy at law.

31. Unless this Court enjoins FunnyBit's alleged infringing conduct, PixFusion will continue to be irreparably harmed by FunnyBit's infringement of the '265 Patent.

32. As a direct and proximate result of FunnyBit's alleged infringing conduct, PixFusion has suffered, and will continue to suffer, damages.

33. Unless this Court enjoins FunnyBit's alleged infringing conduct, PixFusion will continue to suffer damages by FunnyBit's infringement of the '265 Patent.

34. FunnyBit had actual notice its personalized media products infringed the '265 Patent, in response to which, FunnyBit did not cease its alleged infringement of the '265 Patent in wanton disregard of PixFusion's rights thereunder.

35. As a direct and proximate result of FunnyBit's conduct, FunnyBit's alleged infringement of the '265 Patent has been willful and deliberate.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff PixFusion prays for the following relief:

- A. A declaration that FunnyBit has infringed one or more of the claims of the '265 Patent;
- B. A declaration that FunnyBit has willfully infringed the '265 Patent;
- C. An injunction permanently restraining and enjoining FunnyBit (and their officers, directors, employees, agents, servants, successors, assigns, and any and all persons in privity or in concert with them, directly or indirectly) from infringing any of the claims of the '265 Patent in any manner;
- D. Damages adequate to compensate PixFusion injuries sustained as a result of FunnyBit's infringement of the '265 Patent, but in no event less than a reasonable royalty, together with interest thereon;
- E. Enhanced damages as a result of PixFusion for FunnyBit's willful infringement of the '265 Patent;
- F. A declaration that this case is exceptional;
- G. An assessment and award of interest, costs, and attorneys fees against FunnyBit; and
- H. For such other and further relief as the Court deems just and proper.

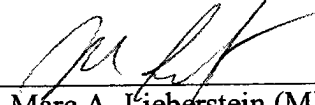
JURY DEMAND

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiff PixFusion respectfully requests a jury trial on all issues so triable.

DATED: November 1, 2007

Day Pitney LLP
Attorneys for Plaintiff
PixFusion LLC

By:

A handwritten signature in black ink, appearing to read 'M. Lieberstein', is written over a horizontal line.

Marc A. Lieberstein (ML 7116)
John L. Dauer, Jr. (JD 1763)